

2006-07 REVISED FINANCING PLAN

On March 21, 2006, the Board of Supervisors approved the county's original 2006-07 financing plan. The approved agenda item and power point presentation related to the original financing plan is attached for your information.

Since March 21, 2006, there have been agenda items approved by the Board of Supervisors, which impact general fund financing. In addition, the County Administrative Office has received updated data on countywide discretionary revenue and departmental activity for March and April. Based on analysis of this new information, the County Administrative Office is revising the county's original 2006-07 financing plan. Below is the summary of changes recommended to the original financing plan. Detailed explanations of these changes are found on the following pages.

UNRESTRICTED - REMAINING AVAILABLE FUNDING FOR 2006-07

	Unrestricted Funds							
	General Fund		Tobacco Settlement		ARMC Settlement		Unrestricted Total	
	Ongoing	One-time	Ongoing	One-time	Ongoing	One-time	Ongoing	One-time
Proposed Budget Financing Plan - March 21, 2006	34.8	32.2	-	5.6	-	6.8	34.8	44.6
Changes to Unrestricted Financing Sources								
Adjustment to Fund Balance		6.1					-	6.1
Increase in Other Discretionary Revenue	2.2						2.2	-
Tobacco Settlement Payments	(2.5)	2.5		(5.4)			(2.5)	(2.9)
Subtotal:	(0.3)	8.6	-	(5.4)	-	-	(0.3)	3.2
Board Approved Mid Year Adjustments:								
Govt Center Cafeteria Remodel - April 4		(0.6)					-	(0.6)
Glen Helen Regional Park Improvements - April 11		(2.4)					-	(2.4)
Loan for 800 Megahertz - April 18		(2.0)					-	(2.0)
Subtotal:	-	(5.0)	-	-	-	-	-	(5.0)
Other Adjustments in Proposed Budget:								
Adjustments to Local Cost Targets	0.2						0.2	-
Retirement Medical Trust Contributions	(1.4)						(1.4)	-
County Fire Workload Adjustment Rollover		(1.1)					-	(1.1)
Increase in General Purpose Reserve/Contingencies		(0.5)					-	(0.5)
Subtotal:	(1.2)	(1.6)	-	-	-	-	(1.2)	(1.6)
Proposed Budget Book	33.3	34.2	-	0.2	-	6.8	33.3	41.2

Changes to Unrestricted Financing Sources

Adjustment to Fund Balance - \$6.1 million

The County Administrative Office anticipates an increase in one-time discretionary funding of \$6.1 million. This is due to increased countywide discretionary revenue estimates and estimated departmental savings in 2005-06.

Increase in Other Discretionary Revenue - \$2.2 million

Property Tax Administration revenue is projected to increase \$2.6 million over the 2005-06 budget based on estimates from the County Auditor/Controller-Recorder. This increase is offset by decreased projections of \$0.3 million in Franchise Fees and \$0.1 million in COWCAP revenue.

Tobacco Settlement Payments – (\$5.4 million)

The County will be receiving less cash than predicated from tobacco manufacturers as a result of a dispute regarding States' enforcement of the Master Settlement Agreement as it relates to non-participating tobacco manufacturers. As a result, one-time Tobacco Settlement funds will be used to backfill the general fund in 2005-06 (\$2.9 million) and 2006-07 (\$2.5 million).

Board Approved Mid Year Adjustments

Since March 21, 2006, there were three approved Board of Supervisors agenda items that reduce the general fund financing plan.

1. On April 4, 2006, one-time funding was approved for the County Government Center Cafeteria Remodel of \$600,000.
2. On April 11, 2006, one-time funding was approved for Glen Helen Regional Park Improvements of approximately \$2.4 million.
3. On April 18, 2006, a \$2.0 million loan was approved to provide working capital for the 800 Megahertz rebanding project ordered by the Federal Communications Commission.

Other Adjustments in Proposed Budget

Adjustments to Local Cost Targets - \$0.2 million

A preliminary target increase of approximately \$400,000 was provided to Code Enforcement pending a forthcoming agenda item. Since the agenda item was never brought to the Board of Supervisors, their target allocation was reduced accordingly. This adjustment was offset by an increase to the Clerk of the Board allocation to continue SB90 backfill and to the LAFCO allocation to meet the County's obligation.

MOU Increases for Retirement Medical Trust Contributions – (\$1.4 million)

Target increases are provided to general fund departments based upon the Memorandums of Understanding (MOU) between the county and the various representation units. The MOUs for the following units; Safety, Safety Management and Supervisory, Specialized Peace Officers, and Specialized Peace Officers - Supervisory Units contained a new provision for Retirement Medical Trust Contributions which began mid 2005-06. While these contributions are based on a percentage of the employee's salary, they are not considered earnable compensation. When pricing out the costs to maintain current services for 2006-07, this new provision for retirement medical trust was inadvertently omitted from the original calculations. Revised targets have been provided to the affected departments.

County Fire Workload Adjustment Rollover – (\$1.1 million)

On December 13, 2005, the Board of Supervisors approved the use of the Workload Adjustments Ongoing Set Aside in the amount not to exceed \$2.7 million for the County Fire Department to fund ongoing additional Captain and Firefighter/Paramedic staffing at fire stations in Baker, Fawnskin, Harvard, Helendale, Needles, Oak Hills and Phelan/Pinon Hills. In 2005-06, \$1.6 million was transferred to County Fire and the remaining \$1.1 million will be transferred in 2006-07.

Increase in General Purpose Reserve/Contingencies – (\$0.5 million)

Per Board Policy the County shall maintain a general purpose reserve that equal 10% of locally funded appropriation and contingencies that equal 1.5% of locally funded appropriation. Since other discretionary revenue have been increased in this revised financing plan, an additional contribution of \$0.5 million must be made to adhere to this policy.

Summary of Unrestricted – Remaining Available Funding for 2006-07

In conclusion, the revised financing plan is projected to have unallocated, unrestricted discretionary ongoing revenues of \$33.3 million and unallocated, unrestricted discretionary one-time revenues of \$41.2 million. However, there are still significant issues that have not yet been addressed in the 2006-07 proposed budget such as building needs and departmental policy items.